



DAVID E. JANSSEN
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

January 8, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF BEACHES AND HARBORS:
RENEWAL OF OPTION TO AMEND LEASE NO. 6573
PARCEL 27R (JAMAICA BAY INN) - MARINA DEL REY
(FOURTH DISTRICT) (4 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the Renewal of the Option to Amend Lease No. 6573 with respect to Parcel 27R (Jamaica Bay Inn) is categorically exempt under the California Environmental Quality Act pursuant to classes 1 (r) and 4 (j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Authorize the Chair to execute the Renewal of Option to Amend Lease No. 6573 reflecting an additional six-month extension of the Option expiration to May 31, 2008, and giving the Director of the Department of Beaches and Harbors the right to grant one or more additional extensions to not later than November 30, 2008, if Lessee is still unable to obtain the necessary entitlements and can demonstrate it has diligently pursued those approvals.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the lessor of a ground lease for Parcel 27R, attached as Exhibit A, which was originally entered into for a term of 60 years. Your Board previously, on May 30, 2006, approved the Option to Amend Lease No. 6573 (Option) to facilitate redevelopment and expansion of the Jamaica Bay Inn on Parcel 27R, along with an Amended and Restated Lease Agreement (Restated Lease) providing for a 39-year lease extension; payment of a \$450,000 lease extension fee; complete renovation of the existing 42-room Jamaica Bay Inn, including room interiors, building facades, interior and exterior common areas, landscaping and hardscape; the addition of 69 new rooms, a business center, and meeting rooms; and a requirement that the Lessee contribute to a common fund established to provide for the cost of constructing new public amenities at Marina Beach on the adjacent non-leased portion of Marina Beach, with Lessee responsible for 25% of the total projected cost of such public facilities. Total development cost to be expended by Lessee is to be not less than \$10.5 million.

The Option had an expiration date of May 30, 2007, but allowed for an extension to the Option for up to six additional months upon approval by the Director of the Department of Beaches and Harbors (Director), which the Director granted. During the entitlement process, Lessee has worked diligently to obtain the necessary entitlements to permit the exercise of the Option but has encountered numerous delays in processing the entitlement application that were not in its control. Due to these delays, although the Option expired on November 30, 2007, we are recommending the Board's approval of the requested Renewal of Option to Amend Lease No. 6573 (Renewal) so as to allow for completion of the entitlement process. Approval of the Renewal will allow for faster completion of the project and greater benefit to the County than a delay to construction of the project that would otherwise result if the County instead had to renegotiate a new option agreement with the Lessee.

The Regional Planning Commission approved the Coastal Development Permit (CDP) and Conditional Use Permit (CUP) for the project on August 15, 2007, and the final appeal period ended November 24, 2007 with no appeals. Lessee has calculated that it will complete the required design and engineering work in January 2008 and will achieve final Design Control Board approval and building permits by April 2008. The attached Renewal will extend the time within which the Option must be exercised by Lessee by six months to May 31, 2008. If Lessee is unable to obtain all necessary approvals within the six-month extension period, the proposed Renewal will authorize the Director to grant one or more additional extensions to not later than November 30, 2008, if Lessee can demonstrate it has diligently pursued those approvals.

Implementation of Strategic Plan Goals

The recommended action will allow the lessee to proactively redevelop its leasehold improvements, which will result in fulfillment of approved Strategic Plan Goal Nos. 1 and 4, "Service Excellence" and "Fiscal Responsibility", respectively.

FISCAL IMPACT/FINANCING

There is no fiscal impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The term of the lease for Parcel 27R commenced on January 1, 1963 and expires on December 31, 2022. If the Option is exercised and the lease extended pursuant to the Restated Lease, the term will expire on December 31, 2061.

County Counsel has approved the Renewal as to form. At its meeting of December 12, 2007, the Small Craft Harbor Commission endorsed the recommendation that your Board approve the attached Renewal.

ENVIRONMENTAL DOCUMENTATION

Approval of the Renewal is categorically exempt under the California Environmental Quality Act pursuant to classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines. Approval of the Renewal does not authorize construction or reconstruction of any improvements on the parcel. On August 15, 2007, the Regional Planning Commission considered and adopted a negative declaration for the proposed redevelopment/replacement project contemplated by the Restated Lease prior to approving the CDP and CUP for the project.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

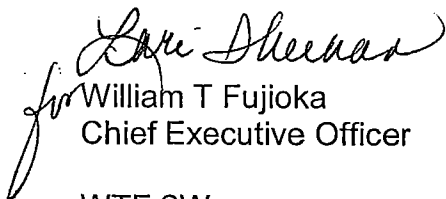
There is no impact on other current services or projects.

The Honorable Board of Supervisors
January 8, 2008
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CONCLUSION

Please authorize the Executive Officer of the Board to send two copies of the executed Renewal to the Department of Beaches and Harbors.

Respectfully submitted,


for William T Fujioka
Chief Executive Officer

WTF:SW:
DL:JE:SK

Attachments (1)

c: County Counsel
Department of Beaches and Harbors

**RENEWAL OF OPTION
TO AMEND LEASE AGREEMENT
(Parcel 27R)**

THIS RENEWAL OF THE OPTION TO AMEND LEASE AGREEMENT ("**Renewal**") is made as of January 8, 2008 between COUNTY OF LOS ANGELES ("**County**") and MARINA DEL REY INVESTORS, a California limited partnership ("**Lessee**").

RECITALS

A. County and Spencer Investment Group, a California corporation (the "**Original Lessee**"), entered into Lease No. 6573 dated February 11, 1963, as amended (the "**Existing Lease**"), regarding the lease from County of certain real property in the Marina del Rey Small Craft Harbor now commonly known as Parcel No. 27R, as more particularly described in the Existing Lease (the "**Premises**").

B. Lessee has succeeded to the Original Lessee's right, title and interest as lessee under the Existing Lease.

C. County and Lessee entered into that certain Option to Amend Lease Agreement made as of May 30, 2006 (the "**Agreement**"), pursuant to which County granted Lessee the right to extend the term of the Existing Lease through December 31, 2061 on the terms and conditions set forth in the Agreement (the "**Option**").

D. According to the terms of the Agreement, the latest date for the exercise of the Option (referenced in the Agreement as the "Outside Expiration Date") was May 30, 2007.

E. Pursuant to Director's authority under Section 6.1 of the Agreement, Director has previously extended the Outside Expiration Date to November 30, 2007.

F. County and Lessee desire to renew the Option by providing for the further extension of the Outside Expiration Date in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, Lessee and County hereby agree as follows:

1. Capitalized Terms. All capitalized terms used in this Renewal and not otherwise defined herein shall have the meanings given such terms in the Agreement.

2. Renewal of Option. The Option contained in the Agreement is hereby renewed upon the same terms and conditions set forth in the Agreement, which is incorporated in this Renewal as though fully set forth herein, except that Sections 2 and 6.1 of the Agreement are modified as set forth in Sections 3 and 4 of this Renewal.

3. Further Extension of Outside Expiration Date. Section 2 of the Agreement is hereby deleted in its entirety and replaced with the following:

“2. Option Term. The term of the Option (the “**Option Term**”) shall commence on the date of the Agreement and expire on that date (the “**Option Expiration Date**”) which is the earlier of (i) forty-five (45) days following the date of the satisfaction of the Entitlement Conditions (as defined in Section 3 of the Agreement), or (ii) May 31, 2008 (the date set forth in this clause (ii) is referred to as the “**Outside Expiration Date**”).”

4. Further Delays in Receipt of Entitlements. County desires to grant Director the authority to further extend the Outside Expiration Date in accordance with the terms and provisions of Section 6.1 of the Agreement, as such Section 6.1 is hereby deleted in its entirety and replaced with the following:

“6.1 Delay in Receipt of Entitlements. If Lessee, despite its best efforts, is unable to cause the Entitlement Receipt Date to occur on or before May 31, 2008 as a result of continued delays beyond normal entitlement processing periods in the processing by the applicable governmental authorities of Lessee’s applications for the Entitlements (an “**Extraordinary Governmental Delay**”), then as long as Lessee has on a continuous basis diligently pursued receipt of the Entitlements, Director may, in the exercise of his reasonable discretion, grant Lessee one or more further extensions of the Outside Expiration Date. Any such extension shall be limited to the period of the Extraordinary Governmental Delay and in no event shall such extensions, in the aggregate, extend beyond November 30, 2008. If Director shall determine not to grant Lessee an extension as provided above, then Lessee shall have the right, within thirty (30) days following Director’s denial, to submit a written request to the Board of Supervisors of County to reconsider such denial by the Director.”

Any extension of the Outside Expiration Date beyond May 31, 2008 pursuant to Section 6.1 of the Agreement, as modified above, shall be subject to the terms, conditions and limitations set forth in Section 6.3 of the Agreement.

5. No Other Modifications. This Renewal incorporates all other terms and conditions of the Agreement, which shall continue in full force and effect.

SIGNATURES ON FOLLOWING PAGE

76447

IN WITNESS WHEREOF, the undersigned have executed this Renewal as of the date first written above.

LESSEE:

MARINA DEL REY INNVESTORS, a California limited partnership

By: [Signature]
Name: Dale J. Marquis
Title: Secretary

By: _____
Name: _____
Title: _____

COUNTY:



THE COUNTY OF LOS ANGELES

By: [Signature]
Chair, Board of Supervisors

ATTEST:

SACHI A. HAMAI, Executive Officer of the Board of Supervisors

By: [Signature]
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
County Counsel

By: [Signature]
Deputy

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Directors

By: [Signature]
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: [Signature]

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

28

JAN 08 2008

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER